

MONTANA ALBERTA TIE LTD.

**OPEN ACCESS TRANSMISSION TARIFF
FOR
THE MONTANA ALBERTA TIE LINE**

ORIGINAL VOLUME NO. 1

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GENERAL TERMS AND CONDITIONS

1. Definitions

In this Tariff the following terms and their derivatives have the following meanings:

- 1.1 **“Act”** means the Electric Utilities Act (Alberta), as amended from time to time.
- 1.2 **“AESO”** means the Alberta Electric System Operator, the independent system operator established pursuant to Section 7 of the Act.
- 1.3 **“AEUB”** means the Alberta Energy and Utilities Board.
- 1.4 **“Affiliate”** has the meaning given to it in the *Business Corporation Act* (Alberta).
- 1.5 **“Ancillary Services”** has the meaning given to it in the Act.
- 1.6 **“Application”** means a request by an Eligible Customer for Transmission Service pursuant to the provisions of this Tariff.
- 1.7 **“Approved Credit Rating”** means a long-term debt rating of Investment Grade or better. A governmental agency shall be deemed to have an Approved Credit Rating if its financial obligations pursuant to this Tariff are backed by the full faith and credit and taxing authority of the agency.
- 1.8 **“Business Day”** means a day which is not a Saturday, Sunday, or statutory holiday in the Province of Alberta and “day” means any calendar day.
- 1.9 **“Charges”** means amounts payable to MATL by a Transmission Customer for Transmission Services pursuant to this Tariff, the Service Agreement and a TSR Purchase Agreement.
- 1.10 **“Completed Application”** means an Application that includes the information specified in Section 11.3.
- 1.11 **“Contingency”** means the unexpected failure or outage of a generating unit or a system component including a generator, transmission line, distributor line, circuit breaker, switch, or other electrical element.
- 1.12 **“Contract Year”** means in respect of Long Term TSRs, each 12 month period of the TSR Purchase Agreement; each such period commencing, as applicable, either on the effective date of the TSR Purchase Agreement or

commencing on the anniversary date thereof, and in either case ending one full year later.

- 1.13 “Control Area”** means an electric system or systems, bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other Control Areas and contributing to the frequency regulation of the WECC region.
- 1.14 “Control Area Security”** means the ability of the Control Area to withstand events such as electrical short circuits, unanticipated loss of Control Area Transmission System components, unanticipated loss of Control Area generation and switching operations without experiencing cascading IES events or uncontrolled loss of load.
- 1.15 “Counter-Flow TSR”** means a non-firm TSR that can be awarded to the extent that transmission is scheduled in the opposite direction on the Montana Alberta Tie Line.
- 1.16 “Curtailement”** means a reduction in Transmission Service (i) in response to a System Emergency or System Disturbance, (ii) to ensure, or as required for, System Security or Control Area Security, (iii) pursuant to any requirements of an External Agency, (iv) pursuant to Force Majeure events, (v) pursuant to Section 9.8 hereof, and (vi) in the case of Short Term TSRs, only, for Economic Reasons.
- 1.17 “Direct Damages”** means direct damage or loss excluding loss of profit, loss of revenue, loss of production, loss of earnings, loss of contract or any other incidental, consequential, punitive, special, exemplary, or indirect loss or damage whatsoever.
- 1.18 “Economic Reasons”** means in relation to Curtailment or Interruption of each Short Term TSR, curtailment or interruption of Transmission Service in order to accommodate the scheduling of Long Term TSRs or the scheduling of Transmission Service under Short Term TSRs of longer duration or of equal duration but at higher Charges. Where required, Curtailment or Interruption to Short Term TSRs will be made on a non-discriminatory basis. If multiple Short Term TSR transactions require Curtailment or Interruption, to the extent practicable and consistent with Good Utility Practice, such will be made to the shortest term (eg. hourly Short Term TSR transactions will be curtailed or interrupted before daily Short Term TSR transactions, and daily will be curtailed or interrupted before weekly).
- 1.19 “Eligible Customer”** means any electric utility, any power marketer, power cooperative, governmental power marketing agency, large power consumer or any person generating electric energy for sale or resale. Electric energy

sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico.

- 1.20** “**External Agency**” means the WECC, NERC, NWPP or other similar governmental or industry agency, whose role is to facilitate among governmental and industry participants, coordinated operations of the IES with interconnected electrical systems of other jurisdictions to ensure their respective and joint system security and reliability.
- 1.21** “**FERC**” means the Federal Energy Regulatory Commission of the United States of America.
- 1.22** “**Floor Price**” has the meaning ascribed to in Section 12.17 hereof.
- 1.23** “**Force Majeure**” has the meaning ascribed to “force majeure” in Section 6.1 hereof.
- 1.24** “**Good Utility Practice**” means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.
- 1.25** “**IES**” means the interconnected electric system as defined in the Act.
- 1.26** “**Interruption**” means the cessation of Transmission Service (i) in response to a System Emergency or System Disturbance, (ii) to ensure, or as required for, System Security or Control Area Security, (iii) pursuant to any requirements of an External Agency, (iv) pursuant to Force Majeure circumstances or events, (v) pursuant to Section 9.8 hereof, and (vi) in the case of Short Term TSRs, only, for Economic Reasons.
- 1.27** “**Investment Grade**” means a rating by Moody’s of Baa or better or Standard & Poor’s of BBB or better.
- 1.28** “**ISO Rules**” means the rules adopted and amended by the AESO from time to time pursuant to the Act.

- 1.29 **“Long-Term Open Season”** means the open season initially held prior to the operation of the Montana Alberta Tie Line, and each open season held periodically thereafter, to award Long Term TSRs.
- 1.30 **“Long-Term TSR Purchase Agreement”** means an agreement in substantially the form of Attachment B to this Tariff.
- 1.31 **“Long Term TSRs”** means TSRs of any period of one year or longer under which Transmission Service scheduling rights are available on a 24 hour per day, 7 days per week basis. Each Long Term TSR is, and will be, by virtue of this Tariff, subject to Curtailment and Interruption but, for certainty, not in any event for Economic Reasons.
- 1.32 **“MATL”** means Montana Alberta Tie Ltd., the owner of the Montana Alberta Tie Line.
- 1.33 **“Montana Alberta Tie Line”** means the 230 kV AC transmission line, phase shifting transformer, and associated equipment beginning at substations 870S located within Lethbridge, Alberta and ending at substation [•] in Great Falls, Montana that is used to provide Transmission Service pursuant to this Tariff. The Montana Alberta Tie Line connects the IES to the electrical system of NWE.
- 1.34 **“NERC”** means the North American Electric Reliability Council and any successor organization.
- 1.35 **“NWE”** means NorthWestern Energy, a division of NorthWestern Corporation, a Delaware Corporation, providing energy services in the state of Montana, U.S.A. including its successors and assigns.
- 1.36 **“NWPP”** means the North West Power Pool and any successor organization.
- 1.37 **“Open Access Same-Time Information System (OASIS)”** means the information system and standards of conduct contained in Part 37 of the U.S. Federal Energy Regulatory Commission’s regulations and all additional requirements implemented by subsequent Commission orders dealing with OASIS.
- 1.38 **“Open Season”** means the procedures set forth in Section 11 whereby TSRs are issued to Eligible Customers.
- 1.39 **“Operator”** means the person so designated pursuant to Section 14.4.

- 1.40 “Overload Capacity”** means capacity in excess of the rated capacity of the Montana Alberta Tie Line, as determined by MATL that can be made available for Short Term TSRs. The amount of non-firm Overload Capacity made available in any particular hour will be based on assessments made by the System Controller.
- 1.41 “Overload Capacity TSRs”** means Short Term TSRs in relation to Overload Capacity awarded by MATL following the initial Open Season.
- 1.42 “Parties”** means, in each case, MATL and the Transmission Customer receiving Transmission Service pursuant to this Tariff, a Service Agreement and a TSR Purchase Agreement.
- 1.43 “Planned Outage”** means any full or partial outage of the Montana Alberta Tie Line planned in advance in accordance with the AESO’s Operating Policy OP-440, as amended from time to time.
- 1.44 “Point of Delivery”** means the point on the Montana Alberta Tie Line where capacity and energy transmitted by MATL will be made available to the Transmission Customer or other receiving party designated by the Transmission Customer pursuant to this Tariff. The Point of Delivery will be specified in the TSR Purchase Agreement.
- 1.45 “Point of Receipt”** means the point on the Montana Alberta Tie Line where capacity will be made available by MATL and where energy will be made available by the Transmission Customer for transmission pursuant to this Tariff. The Point of Receipt will be specified in the TSR Purchase Agreement.
- 1.46 “Power Pool”** has the meaning given to it by the Act.
- 1.47 “Redirect Rights”** has the meaning given it in Section 12.16 herein.
- 1.48 “Scheduled Transmission Service”** means, at each particular time, Transmission Service which is then scheduled with the System Controller for use by a Transmission Customer.
- 1.49 “Secondary Market”** means the resale of TSRs purchased from MATL, in accordance with the provisions of Section 12.
- 1.50 “Service Agreement”** means the agreement, as amended or supplemented between a Transmission Customer and MATL essentially in the form of Attachment A to this Tariff.

- 1.51 “Short Term TSRs”** means TSRs of any period of less than one year and include Counter Flow TSRs and Overload Capacity TSRs. Each Short Term TSR is and will be, by virtue of this Tariff, subject to Curtailment and Interruption including, without limitation, for Economic Reasons.
- 1.52 “System Controller”** means the AESO or any person or persons appointed by the AESO to oversee operation of the IES.
- 1.53 “System Disturbance”** means an unplanned event which produces an abnormal IES condition such as high or low frequency, abnormal voltage or oscillations in the IES and includes a contingency.
- 1.54 “System Emergency”** has the meaning given the term “system emergency” in the ISO Rules.
- 1.55 “System Security”** means the ability of the IES to withstand events such as electrical short circuits, unanticipated loss of IES components and switching operations without experiencing cascading IES events or uncontrolled loss of load.
- 1.56 “Tariff”** means these general terms and conditions and attachments.
- 1.57 “Transmission Customer”** means any Eligible Customer that executes a Service Agreement and a TSR Purchase Agreement.
- 1.58 “Transmission Scheduling Right or TSR”** means the right to, obtain and to schedule, Transmission Service through the Montana Alberta Tie Line in order to transmit a specified amount of electric energy for a specified time from the specified Point of Receipt to the specified Point of Delivery, which right cannot be used for transmission in a direction other than the direction from the Point of Receipt to the Point of Delivery.
- 1.59 “Transmission Service”** means the reservation of capacity, and the transmission of electrical energy to a Transmission Customer pursuant to this Tariff, the Service Agreement and a TSR Purchase Agreement, and the TSRs represented thereby between the specified Point of Receipt and Point of Delivery through the Montana Alberta Tie Line.
- 1.60 “TSR Purchase Agreement”** means the agreement governing the purchase of TSRs by the Transmission Customer from MATL.
- 1.61 “Unavailable”** means the inability of MATL or the Montana Alberta Tie Line to provide Scheduled Transmission Service for any reason whatsoever (and no matter what the cause); provided, however, that in no event shall “Unavailable” mean or include an inability of MATL or the Montana Alberta

Tie Line to provide Transmission Service or Scheduled Transmission Service in consequence of Curtailment or Interruption.

- 1.62 “WECC” means the Western Electricity Coordinating Council and any successor organization.

2. Ancillary Services and Third Party Arrangements

2.1 **Ancillary Services.** No Ancillary Services are required to obtain Transmission Service or schedule Scheduled Transmission Service pursuant to this Tariff. However, the AESO and NWE may require the purchase of scheduling services, energy imbalance service or other Ancillary Services under their respective tariffs for their transmission services. Such Ancillary Services must be purchased from the AESO or NWE or otherwise be self-provided in accordance with their tariffs.

2.2 **Transmission Customer Responsibility for Third Party Arrangements.** Any scheduling arrangements that may be required by or with electric systems other than MATL, including with the AESO in respect of the IES, shall be the responsibility of the Transmission Customer. In all events, the Transmission Customer shall satisfy the scheduling requirements of the System Controller and provide, unless waived by the System Controller, notification to the System Controller identifying other such systems and authorizing the System Controller and such other systems to schedule the capacity and energy to be transmitted by MATL pursuant to this Tariff at the Point of Delivery and at the Point of Receipt.

3. Open Access Same-Time Information System (“OASIS”)

3.1 **OASIS.** Terms and conditions regarding Open Access Same-Time Information System and Standards of Conduct are set forth in 18 CFR § 37 of the U.S. Federal Energy Regulatory Commission’s regulations (Open Access Same-Time Information System and Standards of Conduct for Public Utilities). Except as specified in this Tariff, all information regarding Transmission Service and TSRs shall be posted on the OASIS operated by MATL or operated by a third party under contract with MATL. MATL’s Standards of Conduct will be posted on the OASIS.

4. Billing and Payment

4.1 **Charges for Transmission Service:** There are no Charges for TSRs and corresponding Transmission Service other than those Charges set out in a TSR Purchase Agreement entered into pursuant to Article 12 of this Tariff, and in Section 4.2 below. Subject to Section 4.3 of this Tariff, the

Transmission Customer shall be and remain liable to pay to MATL all Charges set out in a TSR Purchase Agreement, notwithstanding any portion or all of the applicable TSRs are forfeited and may be sold in the Secondary Market pursuant to Section 12.13 of this Tariff. Payment to the AESO or NWE (and all other system providers) for transmission services, scheduling service, other Ancillary Services and all other amounts will be pursuant to the provisions of their respective tariffs and shall be the sole responsibility of the Transmission Customer.

4.2 Additional Charges: MATL shall have the right to increase each Transmission Customer's Charges in an amount per unit so that the aggregate amount recovered from all Transmission Customers is equal to the increase in expenses that arise as the result of changes in law, increases in taxes, or increases in fees imposed or charged by taxing authorities, NWE, AESO, and government and municipal agencies. Additionally, Charges for Long-Term TSRs shall increase 2.5% annually.

4.3 Invoices and Payment: By the 10th day of each month, MATL shall submit an invoice to the Transmission Customer for the Charges payable to MATL in relation to:

- (1) Long-Term TSRs under the terms of which applicable TSR Purchase Agreement and the terms of this Tariff such Charges have become due and owing to such time; and
- (2) Short Term TSRs issued by MATL during the previous month and purchased by the Transmission Customer.

The Transmission Customer shall pay the invoice within twenty (20) calendar days of receipt. All payments shall be made in immediately available funds payable to MATL or by wire transfer to a bank named by MATL.

4.4 Interest on Unpaid Balances: Interest on any unpaid amounts (including amounts placed in escrow) shall be calculated based on the Bank of Montreal's prime lending rate plus 5%, the actual days outstanding and a 365 day year. Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment.

4.5 Customer Default: In the event the Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to MATL on or before the due date as described above, or fails to perform any of its obligations in accordance with this Tariff, Service Agreement or TSR Purchase Agreement, and such failure is not corrected within five (5) calendar days after MATL notifies the Transmission Customer to cure such

failure, a default by the Transmission Customer shall be deemed to exist. Upon the occurrence of such, or any other, default, MATL may without limiting any other rights or remedies:

- (1) suspend, for such period as MATL determines to and including the time when the default is cured, the provision of Transmission Service to the Transmission Customer, without liability therefore or release of Transmission Customer's payment obligations therefore, or
- (2) terminate any and all outstanding TSRs of Transmission Customer without any further notice and instruct the System Controller not to honor any Transmission Service schedules presented by the Transmission Customer, and
- (3) accelerate and require payment of the Transmission Customer's total obligation under, and for the remainder of the term of, its TSR Purchase Agreements, and
- (4) refuse to sell the Transmission Customer any further TSRs.

In the event of a genuine billing dispute between MATL and the Transmission Customer, the Transmission Customer's TSRs shall remain valid for so long as the Transmission Customer:

- (1) continues to make all payments not in dispute, and
- (2) pays into an independent escrow account stipulated by MATL, the portion of any invoice in dispute, pending resolution of such dispute.

If the Transmission Customer fails to meet these two requirements for continuation of service, then the Transmission Customer shall be in default.

4.6 Negotiated Billing Provisions for Long-Term TSRs: In place of the above billing and payment provisions, MATL and Transmission Customer may negotiate specific billing and payment terms applicable to their transaction. Such provisions shall be included in the applicable TSR Purchase Agreement.

4.7 Currency: All dollar amounts referenced in this Tariff are expressed as Canadian funds.

5. Regulatory Filings

Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the right of MATL to unilaterally make application to the AEUB for a change in terms and conditions of this Tariff, the Service Agreement or TSR Purchase Agreement, or to the FERC for a change in terms and conditions, classification of service, Service Agreement, TSR Purchase Agreement, rule or regulation under Section 205 of the Federal Power Act of the United States of America and pursuant to the FERC's rules and regulations promulgated thereunder.

Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the ability of the Transmission Customer receiving service under the Tariff to exercise its rights in relation to this Tariff to make application to the AEUB or to exercise its rights under the Federal Power Act of the United States of America and pursuant to the FERC's rules and regulations promulgated thereunder.

6. Force Majeure, Consequential Loss, Indemnification and Title

6.1 Force Majeure: An event of Force Majeure means any act of God, war, civil insurrection or disobedience, acts of public enemy, strikes lockouts, or other industrial disturbances, accidents, blockades, insurrections, terrorism, riots, epidemics, landslides, lightning, earthquakes, explosions, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, breakage or accidents to machinery or lines, the necessity for making repairs to or alterations of machinery or lines, freezing, inability to obtain materials, supplies, permits or labor, or other event, circumstance or cause whether of the kind above enumerated or otherwise which is beyond the control of the Party which is, pursuant to the provisions below, not to be considered in default, and which by the exercise of due diligence such Party is unable to prevent or overcome. The settlement of strikes, lockouts or other labor disputes shall be entirely within the discretion of the Party having the difficulty. The following shall not be events of Force Majeure:

- (1) insufficiency of the Transmission Customer's electricity supplies;
- (2) inadequate or uneconomic markets for the Transmission Customer's electricity;
- (3) the Transmission Customer's lack of funds; or
- (4) an act of gross negligence or intentional wrongdoing.

A Party will not be considered in default as to any obligation under this Tariff, Service Agreement or TSR Purchase Agreement if prevented from fulfilling the obligation due to an event of Force Majeure. However, if a

Party's performance is hindered by an event of Force Majeure it shall make all reasonable efforts to perform its obligations. No event of Force Majeure shall relieve either party from its obligations to make payments of amounts as provided in this Tariff, Service Agreement or TSR Purchase Agreement.

- 6.2 Consequential Loss:** In no event in relation to this Tariff, a Service Agreement or TSR Purchase Agreement, shall either Party be liable to the other Party for any damage, cost, expense, injury, loss or other damage or liability of an indirect, punitive, exemplary, incidental, special or consequential nature suffered by the other Party or claimed by any other person against the other Party which arises due to the first Party's failure to perform its obligations in accordance with this Tariff or for any other reason (including negligence or gross negligence on its part or on the part of any person for whose acts it is responsible), how so ever and when so ever caused, and whether arising in contract, indemnification, warranty, negligence or other tort liability, strict liability or otherwise; and without limiting the generality of the foregoing, damage, injury or loss of an indirect, special or consequential nature shall include loss of revenue, loss of profits, loss of business or business opportunity, loss of production, loss of earnings, loss of contract, cost of purchased or replacement capacity and energy, cost of capital and loss of the use of any facilities or property owned, operated, leased or used by the other Party. MATL shall not be liable, whether based on contract, indemnification, warranty, tort, strict liability or otherwise, for any damages whatsoever, including, without limitation, Direct Damages incidental, consequential, punitive, special, exemplary or indirect damages arising or resulting from any act or omission in any way associated with Transmission Service provided under this Tariff, including, without limitation, any act or omission that results in an interruption, deficiency or imperfection of Transmission Service, except to the extent that MATL is found liable for gross negligence or intentional misconduct, in which case MATL's liability will be limited to Direct Damages.
- 6.3 Indemnification:** The Transmission Customer shall at all times to the fullest extent permitted by law indemnify, defend, and save MATL harmless from and against, any and all damages, losses, claims (including, without limitation, claims and actions relating to injury to or death of any person or damage to property), demands, suits, recoveries, costs and expenses, court costs, attorney fees (including legal fees and disbursements on a solicitor and own client basis), and all other obligations by or to third parties, incurred by or asserted against MATL and arising out of or resulting from MATL's performance of its obligations in accordance with this Tariff. Except as provided in Section 4.3, MATL shall have no liability to the Transmission Customer, nor obligation to indemnify and save harmless the Transmission Customer, in respect of MATL's failure for any reason whatsoever to accept

receipt of, or make delivery of electricity pursuant to any Service Agreement between MATL and the Transmission Customer.

- 6.4 Warranties:** The Transmission Customer warrants to MATL that it will at the time of delivery have title to or good right to deliver all electricity delivered by it to MATL. The Transmission Customer further warrants that it has all governmental, regulatory and other authorizations required to permit its electricity to be transported pursuant to this Tariff. MATL warrants that the delivery of such electricity to the Transmission Customer will be free and clear of all liens and encumbrances, arising as part of MATL's activities. MATL and the Transmission Customer will each indemnify the other and save it harmless from all suits, actions, debts, accounts, damages, costs, losses, and expenses, arising out of the adverse claim of any person with respect to such electricity, including any claims for taxes, licenses, fees, royalties, or charges, which claims arise with respect to such electricity prior to the time of delivery of such electricity to the other Party.

7. Creditworthiness

- 7.1 Creditworthiness.** For the purpose of determining the ability of the Transmission Customer to meet its obligations related to Transmission Service hereunder, MATL may require reasonable credit review procedures to ensure that the Transmission Customer has an Approved Credit Rating. This review shall be made in accordance with standard commercial practices. In addition, if at any time MATL determines that the Transmission Customer does not have an Approved Credit Rating, MATL may declare the Transmission Customer in default. The Transmission Customer may correct the default pursuant to this Section by providing and maintaining in effect during the term of the Service Agreement, an unconditional and irrevocable letter of credit in a form acceptable to MATL or an unconditional and irrevocable guarantee of payment by a guarantor and in a form acceptable to MATL as security to meet its responsibilities and obligations pursuant to this Tariff, the Service Agreement or the TSR Purchase Agreement, or an alternative form of security proposed by the Transmission Customer and acceptable to MATL and consistent with commercial laws that protect MATL against the risk of nonpayment.
- 7.2 Reciprocity.** A Transmission Customer receiving Transmission Service under this Tariff agrees to provide comparable Transmission Service that it is capable of providing to MATL and to the System controller on similar terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's Affiliates. A Transmission

Customer that is a member of a power pool or regional transmission group also agrees to provide comparable transmission service to the members of such power pool and regional transmission group on similar terms of such power pool and regional transmission group on similar terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's Affiliates.

This reciprocity requirement applies not only to the Transmission Customer that obtains transmission service under this Tariff, but also to all parties to a transaction that involves the use of transmission service under the Tariff, including the power seller, buyer and any intermediary, such as a power marketer. This reciprocity requirement also applies to any Eligible Customer that owns, controls or operates transmission facilities that uses an intermediary, such as a power marketer, to request transmission service under this Tariff. If the Transmission Customer does not own, control or operate transmission facilities, it must include in its Application a sworn statement of one of its duly authorized officers or other representatives that the purpose of its Application is not to assist an Eligible Customer to avoid the requirements of this provision.

8. Dispute Resolution Procedures

- 8.1 Internal Dispute Resolution Procedures:** Any dispute between a Transmission Customer and MATL involving Transmission Service pursuant to this Tariff shall be referred to a designated senior representative of MATL and a senior representative of the Transmission Customer for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within fifteen (15) days or such other period as the Parties may agree upon such dispute may, upon the Parties' mutual agreement be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below.
- 8.2 External Arbitration Procedures:** A dispute that has not been resolved pursuant to the preceding Section 8.1 and referred to arbitration by the Parties shall be arbitrated by a single arbitrator in accordance with the Arbitration Act, RSA 2000, c. A-43, as amended from time to time. The arbitrator shall be a person qualified by education and experience to resolve the dispute. If the Parties are unable to agree on the person to be appointed as arbitrator within ten (10) Business Days of the reference, either Party may apply to the Court of Queen's Bench of Alberta to appoint the arbitrator. Except as otherwise expressly provided in this Tariff, the provisions of the Arbitration Act (Alberta), as amended from time to time, shall apply to any

arbitration undertaken pursuant to this Tariff and the decision of the arbitrator shall be final and binding upon the Parties. Pending resolution of any dispute, the Parties shall continue to perform their respective obligations in accordance with this Tariff.

8.3 Notification of AEUB: MATL shall advise the AEUB of any dispute referred to arbitration under this Section, not later than 30 days after such referral is made. MATL shall, when advising the AEUB of such referral to arbitration, also provide the AEUB with a list of parties MATL believes may be potentially affected by the arbitrator's decision. MATL shall advise the AEUB of the results of the arbitration not later than 30 days after the arbitrator's decision is issued.

8.4 Delay: Notwithstanding anything to the contrary contained herein, in the event that:

- (1) MATL reasonably believes that the delay that may be encountered in resolving any dispute in accordance with the provisions of this Article 8 may pose a real and imminent threat to the Montana Alberta Tie Line; or
- (2) either Party reasonably believes that the delay that may be encountered in resolving any dispute in accordance with the provisions set forth above in this Article 8 may result in such Party suffering irreparable harm or significant injury, then such Party may, at any time following submission by either Party of any dispute to the senior officer of each Party in accordance with this Article 8 and as to matters within the jurisdiction of the AEUB, apply to the AEUB for an order in respect of such dispute and any such order granted by the AEUB shall be binding on the Parties.

8.5 Costs: Each Party shall be responsible for its own costs incurred during the arbitration process and for one half the cost of the arbitrator.

9. Transmission Service

9.1 Service Agreements: MATL will provide Transmission Service pursuant to a Service Agreement and under the terms of this Tariff and a TSR Purchase Agreement. MATL will offer a standard form Service Agreement (Attachment A) to an Eligible Customer when it submits a Completed Application for Transmission Service.

9.2 Nature of Transmission Service: Transmission Service pursuant to this Tariff is provided from the specified Point of Receipt to the specified Point of Delivery. Operation of the Montana Alberta Tie Line is subject to the ISO Rules. The Transmission Customer acknowledges that Transmission Service is provided in accordance with this Tariff to other Transmission

Customers of MATL and, accordingly, that references herein to Curtailment or Interruption and the order thereof relate to all TSRs issued by MATL to all of its Transmission Customers and not just those of the Transmission Customer. In all events, this Tariff shall be interpreted and the Parties obligations carried out and rights exercised having regard to the fact that MATL provides Transmission Service to other Transmission Customers under this Tariff.

- 9.3 Term:** The minimum term for Transmission Service shall be one hour and the maximum term shall be as specified in the Service Agreement.
- 9.4 TSRs:** In order to schedule the transmission of electric energy and capacity from the Point of Receipt to the Point of Delivery in a particular hour, a Transmission Customer must have obtained TSRs for those Points and that hour. TSRs may be obtained either through an Open Season (Section 11) or in the Secondary Market (Section 12).
- 9.5 Scheduling of Transmission Service:** Schedules for Transmission Service must be submitted to the ISO in accordance with the ISO Rules. In order to submit a valid schedule or schedule revision for one MW of energy or capacity for a particular hour, a Transmission Customer must own one TSR for that hour for the Point of Receipt and Point of Delivery listed on the schedule, as reflected on MATL's OASIS.
- 9.6 Real Power Losses:** Energy and capacity will be delivered through the Montana Alberta Tie Line to the Point of Delivery net of real power losses as set forth in Attachment D. The Transmission Customer must supply losses associated with the Transmission Service.
- 9.7 Expansion of Capacity:** MATL shall not be obligated to add any facilities or expand capacity of the Montana Alberta Tie Line in any manner in order to provide Transmission Service; however, MATL may in its sole discretion elect to do so.
- 9.8 Additional Curtailment:** Notwithstanding any other provision of this Tariff, the Service Agreement, or a TSR Purchase Agreement, MATL may, without liability to, or reduction of Charges of any kind in favor of, Transmission Customer Interrupt or Curtail the provision of Transmission Services or Scheduled Transmission Services:
- (1) to carry out planned work or maintenance, testing or inspection for which notice has been given in accordance with this Tariff;
 - (2) if MATL, acting reasonably, determines that public safety, personnel safety or the physical integrity of its transmission facility, or any

transmission facility or electric system of a neighboring jurisdiction to which MATL's transmission facility is interconnected are at risk, including conditions of forced outage to protect MATL's transmission facility;

- (3) as required to comply with orders, permits, licenses, approvals, consents or other governmental or regulatory authorizations or applicable laws;
- (4) for the purpose of coordinating physical operations of MATL's transmission facility with an interconnecting transmission facility of a third party or an electric system of a neighboring jurisdiction;
- (5) to comply with directions provided by the System Controller;
- (6) as may be specified in any operating policy developed by the AESO;
- (7) where such Interruption or Curtailment is required in order to adhere to Good Utility Practice; and
- (8) to carry out construction, installation, improvements, alterations, repairs or replacements to the MATL transmission facility for which notice has been given in accordance with this Tariff.

9.9 Curtailment of Transmission Service: In the event that a curtailment or interruption on the Montana Alberta Tie Line is required by the System Controller to maintain reliable operation of such transmission facility or the IES, such curtailments or interruptions will be made in the following order:

- (1) First, redirect transactions pursuant to Section 12.16 on a pro rata, nondiscriminatory basis to the transaction(s) that effectively relieve the constraint,
- (2) Second, transactions scheduled with Overload Capacity on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint, and
- (3) Then to other transactions scheduled with TSRs, beginning with TSRs of the shortest duration and the lowest Charges and progressing to TSRs of longer duration and highest Charges. TSRs of equal duration will be curtailed the lowest Charges first. TSRs of equal duration and with equal Charges will be curtailed on a pro rata, non-discriminatory basis.

All Curtailments and Interruptions will be made on a non-discriminatory pro-rata basis starting with the lowest Charges; however, Transmission Service scheduled with Redirect Rights shall be subordinate to all other TSRs, then Counter-Flow TSRs shall be subordinate to Transmission Service scheduled

with all other TSRs, except redirect transactions scheduled pursuant to Section 12.16. When, pursuant to the ISO Rules, the System Controller determines that a System Emergency exists on the IES and suspends normal operation of the energy market, the Transmission Customer shall make the required reductions upon request of the System Controller.

10. Transmission Customer Responsibilities

10.1 Conditions Required of Transmission Customers: Transmission Service shall be provided by MATL only if the following conditions are satisfied by the Transmission Customer:

- (1) The Transmission Customer has submitted a Completed Application for service;
- (2) The Transmission Customer meets the creditworthiness criteria set forth in Section 7;
- (3) The Transmission Customer has a system access service agreement with the AESO and is a Power Pool participant as required by the ISO Rules;
- (4) The Transmission Customer has executed a Service Agreement and a TSR Purchase Agreement, and
- (5) The Transmission Customer has arrangements in place for any other transmission service necessary to effect the delivery from the generating source to the load prior to the time Scheduled Transmission Service commences.

11. Procedures for Arranging Transmission Service

11.1 Overview: An Eligible Customer must execute a Transmission Service Agreement pursuant to this Section 11. The execution of a Transmission Service Agreement does not provide any TSRs for capacity on the Montana Alberta Tie Line. In order to obtain TSRs for capacity, an Eligible Customer (1) must obtain TSRs pursuant to Section 12 or 13 of this Tariff, (2) execute a TSR Purchase Agreement, and (3) demonstrate to the System Controller at the time that it submits a schedule for import or export service that it has acquired the necessary TSRs.

11.2 Application: A request for Transmission Service must contain a written Application to MATL in accordance with the procedures contained in this Tariff. MATL shall process the Application in accordance with the provisions of this Tariff.

11.3 Completed Application: A Completed Application shall provide the following information:

- (1) The identity, address, telephone number and facsimile number of the entity requesting service;
- (2) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer in accordance with this Tariff,
- (3) Evidence regarding whether the entity has an Approved Credit Rating and, if not, the proposed security for payment to be relied upon by the entity; and
- (4) The date on which service is requested to commence and the proposed term of the Service Agreement.

A Completed Application need not include the amount of capacity requested or proposed Point of Delivery and Point of Receipt.

11.4 Notice of Deficient Application: If an Application fails to meet the requirements of this Tariff, MATL shall notify the entity requesting service within fifteen (15) days of receipt of the reasons for such failure. MATL will attempt to remedy minor deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, MATL shall return the Application, without prejudice to it being resubmitted.

11.5 Execution of Service Agreement: Whenever MATL determines that an Application has all necessary information, it shall notify the Eligible Customer as soon as practicable but no later than thirty (30) days after receipt of the Completed Application. MATL shall include with such notice a draft Service Agreement that it would propose to execute. Failure of an Eligible Customer to execute and return the Service Agreement within fifteen (15) days after it is tendered by MATL will be deemed a withdrawal and termination of the Application. Nothing herein limits the right of an Eligible Customer to file another Application after such withdrawal and termination.

11.6 Deposits: A Completed Application shall also include a deposit equal to one month's Charges or if the TSR is for a duration of less than one month, for the full Charges. If the Application is rejected, the deposit shall be returned without interest. A deposit at the time an Application is filed in connection with the initial Open Season is delayed and not due until award of TSRs pursuant to the initial Open Season.

12. Open Seasons for TSRs

- 12.1 Overview:** TSRs shall be awarded by MATL to Eligible Customers with Completed Applications (and by means of TSR Purchase Agreements entered into by MATL with Eligible Customers) through Long-Term, Monthly, Weekly, Daily, and Hourly Open Seasons. Each Open Season will be an open, non-discriminatory bidding process conducted by MATL generally in accordance with the provisions for Open Seasons set out following. The Monthly, Weekly, Daily, and Hourly Open Seasons are all classified as Short-Term Open Seasons. All unsold and unscheduled TSRs must be offered in the Hourly Open Seasons, as well as all available Overload Capacity TSRs and Counter-Flow TSRs.
- 12.2 Open Seasons:** General provisions applicable to each type of Open Season appears below:
- 12.3 Long-Term Open Season:** Long-Term Open Seasons will be conducted for the sale of Long-Term TSRs.
- 12.4 Initial Long-Term Open Season:** The initial Long-Term Open Season shall be conducted by MATL prior to the commercial operation of the Montana Alberta Tie Line. The initial Long-Term Open Season shall be conducted in an open and nondiscriminatory manner. MATL will announce the Long-Term Open Season by publication in widely circulated newspapers. Interested parties will be furnished a notice of Open Season and instructions for submitting bids. Bidders will be required to file an Application and sign a Service Agreement pursuant to Article 10. The Service Agreement qualifies a bidder to submit a bid but does not obligate the bidder to submit a bid nor undertake any other obligations. MATL shall hold a bidders conference to address questions concerning the Montana Alberta Tie Line and bidding process. Minutes of the conference will be distributed to all bidders who have executed Service Agreements. Bids shall be submitted on the Form of Long-Term TSR Purchase Agreement for Initial TSRs (Attachment B).
- 12.5 Subsequent Long-Term Open Seasons:** Subsequent Long-Term Open Seasons may be conducted periodically, and notice will be provided as described in Section 12.6. The timing of the subsequent Long-Term Open Seasons and the amount of the TSRs to be sold shall be determined by MATL. At MATL's sole discretion, and provided that (i) less than 100% of MATL's available capacity was sold in the initial Long-Term Open Season, and (ii) commercial operations have not yet commenced, MATL may conduct a second initial Long-Term Open Season by following the same procedures as were utilized for the initial Long-term Open Season. All Long-Term Open Seasons occurring following commencement of commercial

operations of the Montana Alberta Tie Line will be administered through MATL's OASIS.

- 12.6 Notice:** Notice of all Open Seasons will be posted on MATL's OASIS, except notice of the initial Long-Term Open Seasons which will be published in accordance with Section 12.5. MATL will determine the contents of the notices for all Open Seasons.
- 12.7 Sale of Available Short Term TSRs:** Through the facilities of MATL's OASIS, an open non-discriminatory Open Season will be held from time to time, in MATL's sole discretion, for the sale of Short Term TSRs. In order to allow potential purchasers of Short Term TSRs to gauge their bidding strategy for Short-Term Open Seasons, MATL shall post on its OASIS each day the amount of TSRs that it projects will be available in each hour of each of the next 30 days.
- 12.8 Qualifications to Bid:** In order to submit a bid in an Open Season, the Transmission Customer must have an executed Service Agreement on file with MATL. An entity that demonstrates that it is qualified to bid at the time that it executes a TSR Purchase Agreement will be deemed thereafter to be qualified to submit bids, subject to MATL's right to investigate its creditworthiness pursuant to Article 7 of this Tariff.
- 12.9 Submissions of Bids to Purchase TSRs:** Bids to purchase TSRs shall be submitted through MATL's OASIS, except for bids in response to the initial Long-Term Open Seasons conducted prior to the commencement of commercial operations of the Montana Alberta Tie Line. Each bid shall include: (1) the proposed Point of Receipt and Point of Delivery; (2) the proposed quantity of TSRs; (3) the proposed term of the TSRs; (4) the proposed price for the TSRs; and (5) any other information required in the notice posted for the Open Season.
- 12.10 Evaluation of Bids in Long-Term Open Seasons:** MATL shall evaluate all bids submitted in the Long-Term Open Seasons. MATL shall award all of the TSRs that the notice stated would be included in the Open Season to the extent that it receives qualifying bids. If there are bids for more TSRs than are available, MATL shall award TSRs in accordance with the method outlined in its Open Season materials. MATL is not obligated to consider or award any TSRs to bidders who submitted bids for TSRs for less than the minimum term or price posted in the notice of the Long-Term Open Season. Each bidder selected by MATL shall be awarded TSRs at the price set forth in that entity's bid.

- 12.11 Posting of Results of Open Seasons:** The following information regarding each winning bidder will be posted on MATL's website or OASIS: (1) the name of the winning bidder; (2) the quantity of TSRs awarded, identified by Point of Receipt and Point of Delivery; (3) the expiration date of the TSRs awarded; and (4) the name, address, phone number and e-mail address of a contact person for the winning bidder for purposes of taking inquiries regarding trades of the TSRs in the Secondary Market.
- 12.12 TSR Purchase Agreements:** All winning bidders in an Open Season must execute a TSR Purchase Agreement with MATL prior to being awarded any TSRs. The TSR Purchase Agreement obligates the winning bidder to pay for MATL all charges for TSRs that it purchases whether or not such TSRs are used or scheduled. Bidders selected in Long-Term Open Seasons must execute a Long-Term TSR Purchase Agreement. A form of this Agreement is attached to this Tariff as Attachment B.
- 12.13 Resale of Unscheduled TSRs:** TSRs of a Transmission Customer for a particular hour which are not the subject of Scheduled Transmission Service prior to the more restrictive of the scheduling requirements imposed by AESO and NWE in respect of MATL's Hourly Open Season, are forfeited unless such Transmission Customer has an agreement with the AESO or NWE requiring the use of the Montana Alberta Tie Line to provide Ancillary Services. If TSRs have been so forfeited, they will be made available in the applicable Hourly Open Season of MATL. The System Controller will determine the quantity of TSRs that can be made available under this Section 12.13. The forfeiture of TSRs does not relieve the Transmission Customer of its obligations to MATL for Charges (and otherwise) pursuant to this Tariff, Service Agreement or TSR Purchase Agreement. With respect to forfeited TSRs MATL will credit 80% of the proceeds, if any, from the resale, in the Hourly Open Season of such TSRs to the account of the Transmission Customer and shall be entitled to retain 20% thereof for its own benefit.
- 12.14 Overload Capacity TSRs:** The System Controller shall determine the quantity of Overload Capacity TSRs which can be made available in each hour. Such TSRs will then be sold to the highest bidder in an open and non-discriminatory process and MATL shall be entitled to retain the proceeds from such sale entirely for its own benefit. If the System Controller determines that, due to operational conditions, the quantity of Overload Capacity TSRs awarded for an hour exceeds the Overload Capacity of the Montana Alberta Tie Line for that hour, the System Controller shall interrupt transmission scheduled pursuant to Overload Capacity TSRs on a pro rata basis.

- 12.15 Counter-Flow TSRs:** Counter-Flow TSRs may be sold for each hour based on the quantity of Schedule Transmission Service in the opposite direction of flow for that hour. MATL shall determine the quantity of Counter-Flow TSRs available in each hour. To the extent that Scheduled Transmission Service in the direction opposite that in respect of Counter Flow TSRs does not occur, then to that extent Scheduled Transmission Service under Counter-Flow TSRs may be subject to interruption on a pro rata basis. Counter-Flow TSRs will be offered to the highest bidder in an open and non-discriminatory process and MATL shall be entitled to retain the proceeds from such sales entirely for its own benefit.
- 12.16 Redirect Rights:** A Transmission Customer awarded TSRs pursuant to a Long-Term Purchase Agreement for Initial TSRs shall have the right to redirect (e.g. change from a north to south flow to a south to north flow) by redesignating its Point of Delivery and Point of Receipt (such right a "Redirect Right"). A Redirect Right is granted for no additional cost to the Transmission Customer. Redirect Rights are only available provided capacity is available and not otherwise committed on the Montana Alberta Tie Line. Regardless of the preceding, a bid above the Floor Price displaces any and all Redirect Rights in the reverse order in which the Redirect Right was scheduled (i.e. oldest Redirect Right scheduled has priority).
- 12.17 Floor Price for Short-Term TSRs:** All Short-Term TSRs are subject to a minimum price of \$1.46 per kw/month (the "Floor Price"). Such Floor Price shall remain in effect until such time that the original term of all Long-Term TSR Purchase Agreements for Initial TSRs expires.

13. Secondary Market for TSRs

- 13.1 Resale of TSRs:** TSRs of Transmission Customers which have not been forfeited, may be resold and purchased without restriction, provided that the sale of such TSRs does not relieve the Transmission Customer of its obligations to MATL in accordance with this Tariff, Service Agreement and TSR Purchase Agreement. TSRs for resale may be divided into units as small as one megawatt and for periods as short as one hour.
- 13.2 Tracking Ownership of TSRs:** Entitlement to TSRs of a Transmission Customer or entitlement to TSRs of a purchaser of such TSRs from a Transmission Customer shall be recorded on MATL's OASIS. The person entitled to TSRs as listed on MATL's OASIS will be deemed conclusively to be entitled to such TSRs for purposes of scheduling Scheduled Transmission Service pursuant to Section 9.5 of this Tariff. It is the responsibility of the person entitled to TSRs to provide notice of any sale of its TSRs to MATL and to ensure that the change in entitlement is recorded.

MATL shall not be liable for losses, damages or otherwise resulting from the failure of the person entitled to TSRs to provide the necessary notice, or from a sale that should not have been recorded if the standard procedures established for recording such sales were followed in recording the sale. MATL shall have no liability of any kind whatsoever to any subsequent purchaser of TSRs.

- 13.3 Posting of Offers to Buy and Sell TSRs:** MATL will facilitate the process of matching buyers and sellers for TSRs by either creating visibility of such on its OASIS site, or coordinating a third party exchange service.

14. Construction of Interconnection Facilities

- 14.1 Requests for New Interconnection:** MATL shall not deny a request for new interconnection facilities without adequate operational, environmental or legal reasons. MATL shall grant requests to construct, or permit the construction of such facilities if:

- (1) The person seeking the construction of the facilities is willing to bear the cost of construction if MATL performs the construction, or such person constructs the facilities itself in compliance with MATL's technical requirements;
- (2) The proposed construction and operation of the facilities does not and cannot adversely affect MATL's operations, increase its cost of operations or decrease its revenues;
- (3) The proposed construction and any resulting use does not diminish service to MATL's existing Transmission Customers;
- (4) The proposed construction does not cause MATL to be in violation of any applicable laws or regulations with respect to the facilities required to establish an interconnection with MATL's existing facilities; and
- (5) The proposed construction does not cause MATL to be in violation of its right-of-way agreements or any other contractual obligations.

- 14.2 Information for New Interconnection:** Requests for new interconnection facilities must be made in writing. All such requests shall include the following information:

- (1) The legal name and principal place of business of the person requesting the interconnection;

- (2) A description of the facilities which will interconnect with MATL's facilities;
- (3) the capacity of the proposed facilities to be interconnected at the proposed point of interconnection;
- (4) The specific location of the proposed facilities;
- (5) The economic justification for the proposed facilities; and
- (6) Additional data concerning such facilities as may reasonably be required by MATL.

14.3 Interconnection Agreement: Any person requesting interconnection or requesting construction of interconnection facilities shall execute an interconnection agreement with MATL. The requesting person shall agree to reimburse MATL for all costs that may be incurred by MATL related to new facilities including, but not limited to, permitting, engineering, land or land rights, buildings, materials, contractor fees, taxes, associated overhead and all carrying costs.

15. Assignment and Succession

15.1 MATL Assignment to Affiliate. MATL may assign any Service Agreement or TSR Purchase Agreement to any Affiliate of MATL without obtaining the consent of a Transmission Customer. Subject to the foregoing and except as provided in paragraph 15.2, MATL may not assign any Service Agreement or TSR Purchase Agreement without obtaining the consent of the Transmission Customer, which consent shall not be unreasonably withheld. Except as provided in paragraph 15.2, a Transmission Customer may not assign this Tariff, any Service Agreement or TSR Purchase Agreement without obtaining the consent of MATL, which consent shall not be unreasonably withheld. Without limitation, it shall be reasonable for MATL to withhold consent to a proposed assignment if the creditworthiness of the proposed assignee is not as good as the creditworthiness of the Transmission Customer.

15.2 Successor to a Party's Interest. Any person that shall succeed by purchase of all or substantially all of the assets, and assumption of all or substantially all of the liabilities of, or amalgamation, merger or consolidation, or like transaction with either MATL or Transmission Customer, as the case may be, to the interests and business of MATL or the Transmission Customer, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in interest under this Tariff and each Service Agreement and TSR Purchase Agreement.

- 15.3 Pledging of Rights.** Nothing contained herein shall prevent either Party from pledging, mortgaging, or assigning its rights as security for its indebtedness and either Party may assign to the pledgees or mortgagees (or to a trustee for the holder of such indebtedness) any money due or to become due under any Service Agreement or TSR Purchase Agreement. Transmission Customer will execute all consents to assignment and acknowledgements in favor of MATL's lenders as requested by such lenders or owner of any security interests created hereunder.
- 15.4 Operator.** MATL shall have the right to designate a person to function as manager or operator of the Montana Alberta Tie Line, with respect to, but not limited to, the management of facilities, scheduling of receipts and deliveries, administration of Service Agreements and TSR Purchase Agreements, and other agreements, and accounting. If MATL designates an Operator, references to MATL in this Tariff shall be read to include the Operator acting on behalf of MATL, to the extent appropriate.

16. Jurisdiction

- 16.1 Applicable Law:** This Tariff shall be governed by and construed in accordance with the laws of the Province of Alberta.
- 16.2 Modification of the Tariff:** The terms and conditions of this Tariff are subject to decisions, orders, rules and regulations of the AEUB and the FERC and may be amended from time to time.

17. Attachments

- 17.1** Attachments A, B, and C constitute a part of this Tariff.

ATTACHMENT A
SERVICE AGREEMENT
FOR
TRANSMISSION OF ELECTRICITY ON THE MONTANA ALBERTA TIE LINE
MONTANA ALBERTA TIE LTD.

Service Agreement No. _____

This SERVICE AGREEMENT FOR TRANSMISSION OF ELECTRICITY ON THE MONTANA ALBERTA TIE LINE ("Service Agreement" or "Agreement") is made and entered into this _ day of _ 20_, between:

Montana Alberta Tie Ltd. ("Transmission Facility Owner" or "MATL"),

and

_____ **"Transmission Customer").**

Witnesseth: That in consideration of the mutual covenants contained herein the parties agree as follows

Section 1. Service to be Rendered

MATL agrees to provide Transmission Service to the Transmission Customer pursuant to the provisions of MATL's Electric Transmission Tariff ("Tariff") on file with the Alberta Energy and Utilities Board ("Board") and the Federal Energy Regulatory Commission (the "FERC") if the Transmission Customer is awarded Transmission Scheduling Rights ("TSRs") pursuant to an Open Season conducted by MATL. MATL's obligation to provide Transmission Service shall be contingent upon construction and successful commissioning of the Montana Alberta Tie Line and approval, without material modification, of the Tariff by the Board or FERC. Transmission Customer agrees to enter into a TSR Purchase Agreement with MATL if the Transmission Customer is awarded TSRs pursuant to an Open Season conducted by MATL. The Tariff is incorporated into and made a part of this Agreement.

Section 2. Term

This Agreement shall be effective as of the date first written above, for a term of _____ years.

Section 3. Notices

Notices to MATL under this Agreement shall be addressed to:

Issued By: Reynold Roeder
VP Regulatory
Issued On: April 1, 2005

Effective: April 15, 2005

Montana Alberta Tie Ltd.
Suite 400B, 1040 – 7th Avenue SW
Calgary, Alberta T2P 3G9

Attention- Manager, Tariff Administration Fax: (403) 244-2340

Notices to the Transmission Customer under this Agreement shall be addressed to:

IN WITNESS WHEREOF, the Parties have duly executed this Service Agreement in several counterparts by their duly authorized officers with effect as of the day first above written.

Montana Alberta Tie Ltd.

By: _____
President

Transmission Customer

By: _____
Title: _____

ATTACHMENT B

Form of Long-Term TSR-Purchase Agreement For Initial TSRs

LONG-TERM TSR PURCHASE AGREEMENT FOR INITIAL TSRs

MONTANA ALBERTA TIE LTD.

Long-Term TSR Purchase Agreement No. _____

This LONG-TERM TSR PURCHASE AGREEMENT ("Long Term TSR Agreement" or "Agreement") is made and entered into this ___ day of _____, 20__ between:

MONTANA ALBERTA TIE LTD., ("Transmission Facility Owner" or "MATL"),

and

_____ ("Transmission Customer").

Witnesseth: That in consideration of the mutual covenants contained herein the parties agree as follows:

Section 1. Award of Transmission Scheduling Rights ("TSRs")

Pursuant to a Long-Term Open Season conducted by MATL under its Open Access Electric Transmission Tariff approved by the Alberta Energy and Utilities Board (the "Board") and the U.S. Federal Energy Regulatory Commission (the "FERC") ("Tariff"), beginning on _____, 20__ and ending on _____, 20__, MATL awards Transmission Scheduling Rights ("TSRs") to the Transmission Customer as set forth in Attachment 1 hereto.

Section 2. Transmission Customer's Acceptance

In accordance with the provisions of the Tariff, Attachment 1, and the Services Agreement between MATL and the Transmission Customer, dated _____, 2005, Transmission Customer agrees to use and pay for, or nevertheless pay for if not used, the awarded TSRs for the term of this Agreement subject to the satisfaction of the following conditions:

- a) Approval, if required and without material adverse modification, of the Tariff, Service Agreement and this Long-Term TSR Purchase Agreement by the Board and the FERC;

Issued By: Reynold Roeder
VP Regulatory
Issued On: April 1, 2005

Effective: April 15, 2005

- b) MATL will have received all major Applicable Permits for the development, construction and operation of the Montana Alberta Tie Line by December 31, 2007; and
- c) The Montana Alberta Tie Line is in commercial operation on or before December 31, 2008.

Section 3. Additional Conditions

Transmission Customer obligations under this Agreement are further conditioned upon the satisfaction of the conditions set forth in the attached Schedule 1.

In the event any of the conditions set forth in Schedule 1 are not met by July 1, 2008, this Agreement shall automatically terminate on the following business day unless the Transmission Customer waives such unmet conditions prior to such date.

MATL can, in its sole discretion, provide written notice to the Transmission Customer indicating that a condition set forth in Section 2 or Section 3 has been met. Failure on the part of Transmission Customer to provide written acknowledgement of agreement with such a determination within 30 days of it being communicated will terminate this Agreement, allowing MATL to resell the released capacity with no compensation or future obligation due to the original Transmission Customer.

Section 4. Representations and Warranties

Transmission Customer hereby represents and warrants to MATL, and MATL hereby represents and warrants to Transmission Customer, that:

- (a) it is a company, partnership or corporation, duly organized or formed, validly existing and in good standing under the laws of its jurisdiction of incorporation or formation, and has full power and authority to execute and deliver the Agreement, to perform its obligations thereunder and to consummate the transactions contemplated thereby;
- (b) the execution, delivery and performance by it of the Agreement, and the consummation by it of the transactions contemplated thereby, have been duly authorized by all necessary corporate or partnership action, or if not authorized at the date of this Agreement, such authorization will be obtained within 60 days of this Agreement. If authorization is not obtained, this Agreement will terminate;

- (c) the Agreement has been duly and validly executed and delivered by it and constitutes its legal, valid and binding obligation enforceable against it in accordance with its terms, except as such enforcement may be limited by laws affecting the enforcement of creditor's rights generally and subject to general equitable principles;
- (d) neither the execution and delivery by it of the Agreement nor the consummation of the transactions contemplated thereby:
 - (i) conflicts with or violates any provision of its charter or bylaws or of any decree or order of any court or administrative or other Applicable Laws, or
 - (ii) results in any breach of or default under or creates any lien upon it or its assets under any note, mortgage, contract, agreement, indenture or other instrument which is either binding upon or enforceable against it or its assets;
- (e) no permit, consent, approval or authorization of, or declaration to or filing with, any regulatory or other Governmental Authority is required in connection with its execution and delivery of the Agreement or the consummation of the transactions contemplated thereby other than those listed on Schedule 2 attached hereto; and
- (f) there is no claim, action, suit, litigation, proceeding or investigation pending or, to the best of its knowledge, threatened against it concerning the Agreement or the transactions contemplated thereby nor, to the best of its knowledge, is there any reasonable basis for any such claim, action, suit, litigation, proceeding or investigation.

Section 5. Monthly Payments

Transmission Customer shall pay monthly to MATL as the Charges for Transmission Service an amount equal to the TSR Capacity expressed in terms of kW month times the Rate set forth in Attachment 1 hereto. If the Montana Alberta Tie Line does not commence commercial operations by December 31, 2008, then Transmission Customer shall not be obligated to make payment for TSRs until such time as commercial operations commence, and the term of this purchase agreement will extend by the same number of days that commercial operations were delayed beyond December 31, 2008.

Section 6. Option to Extend

Issued By: Reynold Roeder
VP Regulatory
Issued On: April 1, 2005

Effective: April 15, 2005

Transmission Customer may extend the term of this Agreement by giving ninety (90) days written notice of such intent. Such extension shall be under the same terms and conditions as the original term. The term of extension shall equal the original term specified in Section 1 and Attachment 1 and the rate shall be the then escalated rate subject to further escalation over the extension period. For example, an award of a five-year term at the minimum price of \$4.34 per kW/month would have escalated to \$4.79 at expiration of the original term. Upon exercise of the option to extend, the first year rate of the extension period would be \$4.91 per kW/month and would escalate at 2.5% per year thereafter. After the initial option to extend is exercised, Transmission Customer may extend for one additional period under the same terms (i.e. an original 5 year award has another potential 10 years of term for an aggregate of 15 years).

Section 7. Term

This Agreement shall be effective as of the date first written above and remain in effect until _____, 20__, unless extended pursuant to Sections 3 or 6.

Section 8. Notices

Notices to MATL under this Agreement shall be addressed to:

Montana Alberta Tie Ltd.
Suite 400B, 1040 – 7th Avenue SW
Calgary, Alberta T2P 3G9

Attention- Manager, Tariff Administration Fax: (403) 244-2340

Notices to the Transmission Customer under this Agreement shall be addressed to:

Section 9. Definitions

"AESO" means Alberta Electric System Operator";

"Applicable Laws" means all federal, provincial, state, local and municipal statutes, laws, by-laws, ordinances, rules, orders (including court orders), regulations, codes, guidelines and specifications in effect from time to time and made or issued by any Governmental Authority having jurisdiction over the parties, the Montana Alberta Tie Line or any of them;

Issued By: Reynold Roeder
VP Regulatory
Issued On: April 1, 2005

Effective: April 15, 2005

"Applicable Permits" means all necessary federal, provincial, state, local and municipal governmental or regulatory permits, licenses, orders, approvals, authorizations, consents, determinations, exemptions, rulings, decrees, tariffs, filings, certifications, building permits, plot plan approvals, subdivision approvals, site plan reviews, environmental approvals, water permits, noise permits, zoning and land use entitlements, gas supply tariffs and other authorizations whether now existing or hereafter issued or obtained that relate to or concern in any way the construction and operation of the Montana Alberta Tie Line and are given or issued by any Governmental Authority;

"Governmental Authority" means any federal, provincial, state, municipal, county or regional government or government authority or other law, regulation or rule making entity, and includes any court, department, commission, bureau, board, administrative agency or regulatory body of any of the foregoing including, without limitation, the Federal Energy Regulatory Commission, the National Energy Board, the Alberta Electricity System Operator, and the Alberta Energy & Utilities Board.

Section 10. Superseded Agreements and Tariff

This Agreement supersedes and cancels as of the effective date hereof the following agreements-

The Tariff is incorporated into and forms a part of this Agreement.

IN WITNESS WHEREOF, the Parties have duly executed this Agreement in several counterparts by their duly authorized officers with effect as of the day first above written.

Montana Alberta Tie Ltd.

By: _____
President & CEO

Transmission Customer

Issued By: Reynold Roeder
VP Regulatory
Issued On: April 1, 2005

Effective: April 15, 2005

Montana Alberta Tie Ltd.
FERC Electric Tariff
Original Volume No. 1

Original Sheet No. 35

By: _____
Title: _____

Issued By: Reynold Roeder
VP Regulatory
Issued On: April 1, 2005

Effective: April 15, 2005

Schedule 1

Additional Conditions

1. The Alberta Energy and Utilities Board will have confirmed that the AESO has the authority to charge a rate not to exceed \$4.07/MWh plus a \$500 per transaction fee in the year 2006 for Export Opportunity Service;
2. The AESO will have established a new loss factor methodology that results in the AESO publishing loss factors for interchange transactions connecting with MATL at Lethbridge;
3. MATL will have delivered a technical feasibility study, reviewed and ratified by the MATL Technical Advisory Committee currently comprised of a representative each of the AESO, NorthWestern Energy ("NWE") and the Western Area Power Authority ("WAPA") that confirms that the Montana Alberta Tie Line is technically feasible based on conclusions that:
 - a) The line is capable of transferring the contracted capacity awarded during MATL's open season into and out of the respective AIES and NWE systems on a non-firm / opportunity basis with all transmission in service in both systems;
 - b) That NWE's ability to transfer power received from MATL through its system on a non-firm basis to interconnection points between NWE and the Bonneville Power Administration, Avista and Idaho Power is unchanged or enhanced from its current ability to transfer the contracted TSRs on non-firm basis to the aggregate of those interconnection points; and
 - c) Remedial action schemes ("RAS") in Alberta to permit the satisfactory operation of the Montana Alberta Tie Line have been identified.
4. The AESO will have published an interchange allocation / curtailment procedure for the MATL, Saskatchewan and BC Inter-tie points;
5. MATL will within 45 days of this Agreement establish a Transmission Customer advisory committee with terms of reference to be agreed by the Transmission Customers and MATL to review and advise on these Section 3 conditions; and
6. Within 60 days of the close of MATL's Open Season, the boards of directors, or other similar internal authority granting bodies of the Transmission customer will approve the execution of this Agreement with MATL, reflecting the full terms of the contract including the price, term, volume, credit terms and conditions.

Schedule 2

Listing of Required Transmission Customer Approvals

Listing of Required MATL Approvals

None

Attachment 1 to Long-Term TSR Purchase Agreement No. _____

AWARD OF TRANSMISSION SCHEDULING RIGHTS

TSR Capacity: _____ MW
Beginning Hour: _____ MST
Beginning Date: First day following commercial operation of the Montana
Alberta Tie Line
Ending Hour: _____ MST
Ending Date: _____ Years from the Beginning Date
Point of Receipt: _____
Point of Delivery: _____
Rate: \$ _____ kW / Month
Escalator: 2.5% annually

Form of Long-Term TSR-Purchase Agreement For TSRs

LONG-TERM TSR PURCHASE AGREEMENT FOR TSRs

MONTANA ALBERTA TIE LTD.

Long-Term TSR Purchase Agreement No. _____

This LONG-TERM TSR PURCHASE AGREEMENT ("Long Term TSR Agreement" or "Agreement") is made and entered into this ___ day of _____, 20__ between:

MONTANA ALBERTA TIE LTD., ("Transmission Facility Owner" or "MATL"),

and

_____ ("Transmission Customer").

Witnesseth: That in consideration of the mutual covenants contained herein the parties agree as follows:

Section 1. Award of Transmission Scheduling Rights ("TSRs")

Pursuant to a Long-Term Open Season conducted by MATL under its Open Access Electric Transmission Tariff approved by the Alberta Energy and Utilities Board (the "Board") and the U.S. Federal Energy Regulatory Commission (the "FERC") ("Tariff"), beginning on _____, 20__ and ending on _____, 20__, MATL awards Transmission Scheduling Rights ("TSRs") to the Transmission Customer as set forth in Attachment 1 hereto.

Section 2. Transmission Customer's Acceptance

In accordance with the provisions of the Tariff, Attachment 1, and the Services Agreement between MATL and the Transmission Customer, dated _____, 20__ Transmission Customer agrees to use and pay for, or nevertheless pay for if not used, the awarded TSRs for the term of this Agreement.

Section 3. Monthly Payments

Transmission Customer shall pay monthly to MATL as the Charges for Transmission Service an amount equal to the TSR Capacity expressed in terms of kW month times the Rate set forth in Attachment 1 hereto.

Section 4. Term

Issued By: Reynold Roeder
VP Regulatory

Effective: April 15, 2005

Issued On: April 1, 2005

This Agreement shall be effective as of the date first written above and remain in effect until _____, 20__, unless extended pursuant to Section 3.

Section 5. Notices

Notices to MATL under this Agreement shall be addressed to:

Montana Alberta Tie Ltd.
Suite 400B, 1040 – 7th Avenue SW
Calgary, Alberta T2P 3G9

Attention- Manager, Tariff Administration Fax: (403) 244-2340

Notices to the Transmission Customer under this Agreement shall be addressed to:

Section 6. Superseded Agreements and Tariff

This Agreement supersedes and cancels as of the effective date hereof the following agreements-

The Tariff is incorporated into and forms a part of this Agreement.

IN WITNESS WHEREOF, the Parties have duly executed this Agreement in several counterparts by their duly authorized officers with effect as of the day first above written.

Montana Alberta Tie Ltd.

By: _____
President

Transmission Customer

Issued By: Reynold Roeder
VP Regulatory
Issued On: April 1, 2005

Effective: April 15, 2005

Montana Alberta Tie Ltd.
FERC Electric Tariff
Original Volume No. 1

Original Sheet No. 41

By: _____
Title: _____

Issued By: Reynold Roeder
VP Regulatory
Issued On: April 1, 2005

Effective: April 15, 2005

Attachment 1 to Long-Term TSR Purchase Agreement No. _____

AWARD OF TRANSMISSION SCHEDULING RIGHTS

TSR Capacity: _____ MW
Beginning Hour: _____ CST
Beginning Date: _____
Ending Hour: _____ CST
Ending Date: _____
Point of Receipt: _____
Point of Delivery: _____
Rate: \$ _____ kW / Month
Escalator: 2.5% annually

ATTACHMENT C

Power Loss Factors

Estimated Loss Factors

Southbound Losses:

Estimated as less than 10% at 300 MW

Northbound Losses:

Estimated as 10% at 300 MW

Exhibit 5: Form of Notice

**UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION**

Montana Alberta Tie Ltd.

)

Docket No. ER _____

(_____)

Take notice that on April 1, 2005, Montana Alberta Tie Ltd. ("MATL") filed an Application For Authority To Sell Transmission Rights At Market-based Rates. MATL proposes to develop a 230kV AC power transmission line running from Lethbridge, Alberta, Canada to Great Falls, Montana, USA. MATL also requests certain limited waivers of the Commission's regulations.

Copies of this filing have been served on the Alberta Electric System Operator, Alberta Energy and Utilities Board, National Energy Board, NorthWestern Energy and regulators in the State of Montana and posted on MATL's website (www.matl.ca).

Any person desiring to intervene or to protest this filing must file in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211 and 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a notice of intervention or motion to intervene, as appropriate. Such notices, motions, or protests must be filed on or before the comment date. Anyone filing a motion to intervene or protest must serve a copy of that document on the Applicant. On or before the comment date, it is not necessary to serve motions to intervene or protests on persons other than the Applicant.

The Commission encourages electronic submission of protests and interventions in lieu of paper using the "eFiling" link at <http://www.ferc.gov>. Persons unable to file electronically should submit an original and 14 copies of the protest or intervention to the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426.

This filing is accessible on-line at <http://www.ferc.gov>, using the "eLibrary" link and is available for review in the Commission's Public Reference Room in Washington, D.C. There is an "eSubscription" link on the web site that enables subscribers to receive email notification when a document is added to a subscribed docket(s). For assistance with any FERC Online service, please email FERCOnlineSupport@ferc.gov, or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Comment Date: 5:00 pm Eastern Time on (insert date).